

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple - Suite 1210

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ANNUAL REPORT OF MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules as promulgated under the Utah Minerals Regulatory Program. An operator conducting mining operations under a Notice of Intention must file an annual operations and progress report (FORM MR-AR) with the Division.

I. General Information

1. Report Time Period: From (mo./yr.) JAN 2005 To (mo./yr.) JAN 2006
2. DOGM File Number (Mine No): M 4170064
3. Mine Name: COTTON WOOD
4. Mineral(s) Mined (or permitted to mine): GILSONITE
5. Type of mine: ☐ Surface Mine or ☒ Underground Mine
6. Legal Description (Location of Lands Affected):
____ 1/4, ____ 1/4, ____ 1/4, Section 35, Township 10S, Range 21E
____ 1/4, ____ 1/4, ____ 1/4, Section _____, Township _____, Range _____
____ 1/4, ____ 1/4, ____ 1/4, Section _____, Township _____, Range _____
7. Name of Operator or Company: LEXCO INC.
8. Permanent Street Address: Box 1198
City, State, Zip: VERNAL, UTAH 84078
Phone: 435 545 2477 Fax: 435 545 2476 E-mail: LEXCO@UBTANETWB.COM
9. Company Representative (or designated operator):
Name: JAMES M. LEXAS
Title: PRES
Business Address: Box 1198
City, State, Zip: VERNAL, UTAH 84078
Phone: 435 545 2477 Fax: 435 545 2476 E-mail: LEXCO@UBTANETWB.COM
☐ Please check if any of the above information has changed since previous year.

II. Mining and Reclamation

1. Was there any mine related activity during the past year? Yes ☒ No ☐
2. If no - what was the last year of activity? _____

Reviewed
10/5/06
PMB

RECEIVED

JAN 18 2006

DIV. OF OIL, GAS & MINING

3. Report the gross amount of ore mined and waste moved, as well as the arrangement, positioning, or distribution of the material. _____

11,000 TONS

4. Briefly describe the type of work performed, during the past year. _____

UNDERGROUND MINING AT COTTONWOOD #1 + #2

5. How much **new or additional acreage** was disturbed during the past year? 0

6. How much acreage was **reclaimed** during the past year? 0

7. Briefly describe the reclamation work performed during the past year. This description should include methods employed, and an evaluation of the results. (Submit form MR-SITE for an application for full or partial bond/site release). 0

8. What is the **total disturbed acreage of entire project** at years end? LESS THAN 4 ACRES

9. Briefly summarize any mining and/or reclamation plans for the upcoming year.

CONTINUE UNDERGROUND MINING AT #1 + #2
CONSTRUCT ONE ADDITIONAL MINE

10. The operator shall keep and maintain timely records relating to his performance under the Act, and shall make these records available to the Division upon request.

NOTE: Section III., "Additional Information" applies only to **large mining operations**.

III. Additional Information - R647-4-121.2

1. **Include an updated map depicting surface disturbance and reclamation performed during the year**, prepared in accordance with Rule R647-4-105.

IV. Signature Requirement

I hereby certify that the foregoing is true and correct.

Name (Typed or Print):

JAMES M. LERAC

Title of Operator:

PERMITS

Signature of Operator:

[Handwritten Signature]

Date:

1/13/06